speculation revived, and a new increase to nine per cent, became necessary late in April, 1864. There was another lull until the autumn, when the prospect of peace in the United States caused a tumble in cotton and a smaller fall in prices of all commodities. The bank rate was again advanced to nine per cent, in September, there was an increase of *£2,*-50x3,000 in discounts, and the pressure for ready money was so intense that Consols fell from 89 to 87. The year 1864 witnessed in a sense two crises in England,—the first resulting in the liquidation of the smaller tradesmen, the second involving the great capitalists. The liquidation of both these classes was completed on the Continent in 1864. The effects of the crisis crossed the oceans to Brazil and Australia and if they were not felt in the United States it was because the events of the war interrupted the regular movements of the economic system. Liquidation was not fully completed in England in the case of the great financiers and the spring of 1866 witnessed an after-clap more severe in its effects than the crisis of 1864.

The first gust of the storm of 1866 was the failure of the Joint-Stock Discount Company in February, which was followed in March by the suspension of Earned*s Bank of Liverpool, with liabilities of ,£3,500,000.' The discount rate of the Bank of England, which had fallen to six per cent., was raised to seven per cent, on May 3d, eight per cent, on May 8th, nine per cent, on May gth, and ten per cent, on May loth. It was on the evening of the last named day, after banking hours, that the news spread of the greatest failure which had ever taken place in England. An action was pending in the courts against the Mid-Wales Railway Company, to recover ^"60,000, accepted by them and held by the great house of Overend, Gurney, and Co., and two other firms. Judgment was delivered on May *gtli,* to the effect that the railway company had no right to accept the bills and that they were of no validity.[2] The decision of

Gilbart, II., 308.

MacLeod, *Theory of Credit,* II., 832.